

S-20896A-13-0378



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BEFORE THE ARIZONA CORPORA'

In the Matter of:

BRIAN C. HAGEMAN, an unmarried man,

DELUGE, INC., a dissolved Delaware corporation,

HYDROTHERM POWER CORPORATION, a dissolved Delaware corporation,

Respondents.

DOCKET NO.
S-20896A-13-0378

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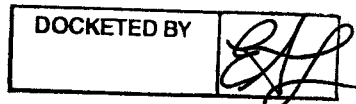
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Arizona Corporation Commission

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1 BE IT REMEMBERED that the above-entitled and
2 numbered matter came on regularly to be heard before the
3 Arizona Corporation Commission, in Hearing Room 1 of
4 said Commission, 1200 West Washington Street, Phoenix,
5 Arizona, commencing at 10:00 a.m. on the 10th day of
6 December, 2013.

7

8 BEFORE: MARC E. STERN, Administrative Law Judge

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10 APPEARANCES:

11 For the ACC Securities Division:

12 Ms. Wendy L. Coy
13 Senior Counsel, Securities Division
14 1300 West Washington Street
Phoenix, Arizona 85007

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For the Respondents:

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Mr. Brian Hageman, Pro per
18832 N. 95th Street
Scottsdale, Arizona 85255

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GARY W. HILL, RPR, CRR
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Certificate No. 50812

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1 ALJ STERN: This matter is now open in the
2 matter of Brian C. Hageman, Deluge, Incorporated, and
3 Hydrotherm Power Corporation in Docket Number
4 S-20896A-13-0378. My name is Marc Stern. I'll preside
5 over the proceeding today, and at this time we'll take
6 appearances, and on behalf of the Securities Division?

7 MS. COY: Wendy Coy.

8 ALJ STERN: And on behalf of Mr. Hageman and/or
9 Deluge, Inc., Hydrotherm Power Corporation, Respondents
10 here?

11 MR. HAGEMAN: Brian Hageman for the Respondents.

12 ALJ STERN: Okay, thank you, Mr. Hageman.

13 Ms. Coy, have you had a chance to discuss this
14 matter with Mr. Hageman at all before today or today?

15 MS. COY: Yes, sir, we have.

16 ALJ STERN: And what is the status?

17 MS. COY: We're requesting that a hearing be
18 set.

19 ALJ STERN: Okay. How many witnesses are we
20 going to have in this proceeding, do you think?

21 MS. COY: From the Securities Division, probably
22 approximately eight.

23 ALJ STERN: Eight witnesses?

24 MS. COY: Yes.

25 ALJ STERN: Are these going to be telephonic or

1 local witnesses?

2 MS. COY: Some are telephonic. Most of them are
3 here.

4 ALJ STERN: Okay. How many investor witnesses?

5 MS. COY: Three to four.

6 ALJ STERN: I guess the rest will be Division
7 witnesses?

8 MS. COY: Correct.

9 ALJ STERN: Okay. Mr. Hageman, if this matter
10 goes to hearing, which I'm requested to set a hearing --
11 apparently you and the Division haven't reached a
12 resolution of this matter -- do you anticipate calling
13 any witnesses besides yourself?

14 MR. HAGEMAN: At this time I haven't determined
15 any witnesses, no.

16 ALJ STERN: And are you anticipating retaining
17 counsel, or no?

18 MR. HAGEMAN: I don't have the budget for it at
19 this time.

20 ALJ STERN: Okay. And Ms. Coy, these are,
21 according to your filings, the two corporations are
22 defunct?

23 MS. COY: That's correct. They are no longer --
24 they're dissolved Delaware corporations, and they were
25 at one time, I think one of them was filed here, but the

1 authority was revoked in 2010. I guess both of them
2 were filed here.

3 ALJ STERN: You mean for authority to do
4 business here?

5 MS. COY: Correct.

6 ALJ STERN: And --

7 MS. COY: So they're not currently valid
8 corporations in Arizona.

9 ALJ STERN: How many actual investors are
10 involved in this offering that we're talking about? Do
11 you have any idea?

12 MS. COY: At this point in time, we believe
13 there are approximately 740.

14 ALJ STERN: Investors?

15 MS. COY: Correct.

16 ALJ STERN: Are most of them in Arizona, or are
17 they outside the State of Arizona?

18 MS. COY: I think they're all over.

19 ALJ STERN: And I think, if I recall a number in
20 your pleadings here, we're talking over \$10 million in
21 investments?

22 MS. COY: That's correct. It's over a long
23 period of time, also.

24 ALJ STERN: Was all this business conducted in
25 Arizona, or was it conducted elsewhere?

1 MS. COY: It was conducted here.

2 ALJ STERN: Do you have anything you want to
3 say, Mr. Hageman? This isn't the hearing. This is just
4 a prehearing, you know.

5 MR. HAGEMAN: Right. These are allegations that
6 have been brought forward. I'm disputing all of them.
7 The witnesses that Wendy is going to be bringing
8 forward, I would like to have all their names, of
9 course.

10 ALJ STERN: What I'll do is, I'll put out a
11 procedural order scheduling this proceeding. It will
12 probably be several months from now at least. With
13 eight witnesses, I anticipate probably at least two to
14 three days of hearing on the Division's side.

15 MS. COY: I was anticipating three or four, but
16 yeah.

17 ALJ STERN: Three or four, yeah. Okay, I'll
18 just schedule it for a week then. What I'll do is about
19 45 -- I'll ask both of you about 45 to 30 days ahead of
20 the hearing to exchange copies of any exhibits that will
21 be used in the proceeding and a list of your witnesses,
22 so you'll get them at that time.

23 If you want to pursue discovery, which you have
24 a right to do and request the names of their witnesses
25 ahead of time, you can confer with her, and perhaps

1 she'll be able to provide you with that information; or
2 you can, if you have to, you can file a formal motion
3 for that information.

4 MR. HAGEMAN: Whatever the procedures are, sir,
5 I'll --

6 ALJ STERN: Well, that's up to you. You'll have
7 to -- if you're representing yourself, you'll have to do
8 a little research, I guess.

9 MR. HAGEMAN: Of course.

10 ALJ STERN: But you can talk to the Division in
11 the meantime about this matter. I assume they've
12 already interviewed you previously. I don't know for
13 sure that happened, but I'm assuming it did.

14 MR. HAGEMAN: Yes, sir, it did.

15 ALJ STERN: Okay. So if the Division is
16 entirely aware of which witnesses it plans to call,
17 perhaps she can give you that information. Otherwise,
18 she may tell you to file a motion. I don't know. It's
19 up to you. You two either work it out or whatever, but
20 prior to the hearing there will be an exchange of that
21 documentation.

22 MR. HAGEMAN: Yes, of any other evidence that's
23 going to be brought forward?

24 ALJ STERN: Exhibits, possibly copies of notes,
25 whatever was involved in the investment. I don't know

1 exactly what documentation they have, but usually
2 they'll have quite a bit of it, I assume. Am I right?

3 MS. COY: That's correct.

4 ALJ STERN: Okay. So anything else?

5 MS. COY: No, sir.

6 ALJ STERN: I don't recall the hearing schedule
7 offhand right now, but I'm thinking probably sometime,
8 it's either going to be February or April sometime. I'm
9 not exactly sure. Do you have any problems with that,
10 Ms. Coy, at this time?

11 MS. COY: No. I have issues in March, but you
12 didn't mention March, so --

13 ALJ STERN: March, I'm reasonably certain it
14 won't be in March. I think I have some things planned
15 already for that.

16 MS. COY: Okay, February isn't a problem, and
17 April isn't a problem.

18 ALJ STERN: All right. How about you,
19 Mr. Hageman, do you have any problems for that period of
20 time?

21 MR. HAGEMAN: I prefer the April so I could have
22 more time to study.

23 ALJ STERN: Okay. I'll see what I can do, and
24 I'll put out a procedural order.

25 Mr. Hageman, we have you at 18832, is it North

1 95th Street in Scottsdale.

2 MR. HAGEMAN: Yes, sir.

3 ALJ STERN: And 85255 is the zip, correct?

4 MR. HAGEMAN: Yes, sir.

5 ALJ STERN: All right. Do you anticipate moving
6 or relocating or not having that as your mailing address
7 any time?

8 MR. HAGEMAN: No, sir, I've been there 15 years.
9 Not planning on moving.

10 ALJ STERN: All right. With that, if there's
11 nothing else, we'll conclude this matter at this time,
12 and a procedural order will issue shortly.

13 MS. COY: Thank you.

14 ALJ STERN: Thank you.

15 (The proceeding concluded at 10:12 a.m.)

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1 STATE OF ARIZONA)
2) ss.
3 COUNTY OF MARICOPA)
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7 I, GARY W. HILL, Certified Reporter No. 50812
8 for the State of Arizona, do hereby certify that the
9 foregoing printed pages constitute a full, true and
10 accurate transcript of the proceedings had in the
11 foregoing matter, all done to the best of my skill and
12 ability.
13

14 WITNESS my hand this 11th day of December,
15 2013.
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